



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 27, 2000

### **H.R. 3816**

**A bill to amend title 38, United States Code, to provide that a stroke or heart attack that is incurred or aggravated by a member of a reserve component in the performance of duty while performing inactive duty training shall be considered to be service-connected for purposes of benefits under laws administered by the Secretary of Veterans Affairs**

*As introduced on March 1, 2000*

### **SUMMARY**

H.R. 3816 would extend eligibility for certain veterans' benefits to members of the National Guard and the other reserve components if they suffer a stroke or heart attack while in a status called inactive-duty training. CBO estimates that enacting the bill would cost less than \$500,000 in 2001 and 2002 and \$1 million to \$2 million annually over the next several years, primarily for disability compensation. Annual costs for medical care would be less than \$500,000 year, assuming appropriation of the necessary amounts. Because H.R. 3816 would affect direct spending, pay-as-you-go procedures would apply. H.R. 3816 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

### **ESTIMATED COSTS TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3816 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans affairs).

#### **Direct Spending**

Under current law, guardsmen and reservists who sustain an injury during inactive-duty training are eligible for certain veterans' benefits. (Inactive-duty training generally means the training reservists and guardsmen do on weekends.) They are not eligible, however, to receive disability compensation for a disease condition that is incurred or aggravated during

such training. H.R. 3816 would require the Department of Veterans Affairs (VA) to treat claims for strokes or heart attacks that occur in the line of duty during inactive-duty training as it would an injury. (The bill uses the term cardiovascular accident, but CBO assumes that VA would interpret that term to mean cerebrovascular accident or stroke based on the intent of the bill.) Reservists or guardsmen who suffer one of those conditions would become eligible for various veterans benefits and services. Their survivors would also become eligible for benefits. CBO estimates that added annual costs for veterans' entitlements, mainly disability compensation, would be less than \$500,000 initially, and would gradually grow to about \$2 million by 2010.

		By Fiscal Year, in Millions of Dollars					
		2000	2001	2002	2003	2004	2005
<b>DIRECT SPENDING</b>							
Spending Under Current Law for Disability Compensation							
Estimated Budget Authority		18,893	19,801	20,577	21,279	21,960	24,447
Estimated Outlays		18,816	19,719	20,505	21,215	21,898	24,377
Proposed Changes							
Estimated Budget Authority		0	a	a	1	1	1
Estimated Outlays		0	a	a	1	1	1
Spending Under H.R. 3816 for Disability Compensation							
Estimated Budget Authority		18,893	19,801	20,577	21,280	21,961	24,448
Estimated Outlays		18,816	19,719	20,505	21,216	21,899	24,378
a. Less than \$500,000.							

Information about the incidence of heart attack or stroke during inactive-duty training is limited. Based on data from the Department of Defense (DoD), CBO estimates that each year about 10 members of the reserve components would meet the requirements for benefits under the bill and that about 200 individuals would be eligible at the start of 2000. CBO assumes that about one-fourth of the initial 200 potential beneficiaries would apply and receive benefits. We expect that participation would be limited for that group for two reasons. First, many of those veterans would not apply because they would not become aware of any change in benefits. (Participation among newly eligible beneficiaries in the future would be nearly 100 percent.) Second, CBO believes that about 30 percent of the individuals covered by the bill already receive disability benefits from DoD and would be

precluded under current law from receiving the VA benefit concurrently. Because CBO expects that their annuity from DoD would exceed the benefit from VA, CBO does not estimate an additional cost for those people.

CBO estimates that 23 to 43 survivors would receive a benefit each year over the 2001-2010 period, assuming participation rates similar to those for veterans. Survivors at the time of enactment would participate at a lower rate than survivors in later years.

Based on data from VA, CBO estimates that the average disability payment under the bill for a veteran would be about \$8,000 a year and that the average benefit for a survivor would be about \$12,000. Both benefits are assumed to increase by an annual cost-of-living adjustment.

### Spending Subject to Appropriation

Veterans who have service-connected disabilities are also eligible to enroll with a relatively high priority for medical care from VA. Based on information from GAO, CBO estimates that VA would spend about \$6,000 annually per patient. Because the number of participants in this program would be much smaller than those applying for cash benefits like disability compensation, CBO estimates that the costs to VA for the added medical care would be less than \$500,000 a year.

### PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	0	0	1	1	1	1	1	1	2	2
Changes in receipts					Not applicable						

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 3816 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

Federal Costs: Evan Christman

Impact on State, Local, and Tribal Governments: Susan Sieg Tompkins

Impact on the Private Sector: Rachel Schmidt

### **ESTIMATE APPROVED BY:**

Robert A. Sunshine

Assistant Director for Budget Analysis